

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT            )  
FILING OF OVERLAND                        ) CASE NO. 2012-00414  
DEVELOPMENT INC.                            )

ORDER

On September 10, 2012, Overland Development Inc. (“Overland”) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.<sup>1</sup>

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. Overland purchases water from Big Sandy Water District (“Big Sandy”).
2. On August 24, 2012, the Commission approved an increase in Big Sandy’s wholesale water rate to Overland from \$2.56 per 1,000 gallons to \$4.65 per 1,000 gallons.<sup>2</sup> Big Sandy will no longer require Overland to pay a monthly service charge of \$545.75.
3. Overland proposes a purchased water adjustment factor of \$1.24 per 1,000 gallons.
4. During the 12 months ended July 31, 2012, Overland purchased 6,438,000 gallons of water from Big Sandy and sold 5,348,000 gallons of water. Overland’s unaccounted-for water loss exceeds 15 percent.

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<sup>1</sup> KRS 278.015; 807 KAR 5:068.

<sup>2</sup> Case No. 2012-00152, Application of Big Sandy Water District for an Adjustment in Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities (Ky. PSC Aug. 24, 2012).

5. 807 KAR 5:067, Section 3(3), requires that, in instances where a privately-owned water utility's unaccounted-for water loss exceeds 15 percent, the utility's actual water sales shall be divided by 85 percent to yield the maximum allowable water purchases. The maximum allowable water purchases shall then be multiplied by the supplier's base rate and the changed rate. The difference between these amounts will be the total allowable change in the utility's purchased water costs.

6. During the 12 months ended July 31, 2012, Overland's allowable gallons purchased are 6,291,765 gallons of water. The increase in Overland's cost of purchased water is \$6,600.79, resulting in a purchased water adjustment factor of \$1.24 per 1,000 gallons.

7. The purchased water adjustment factor of \$1.24 per 1,000 gallons is fair, just, and reasonable and should be approved.

8. The rates in Appendix B are fair, just, and reasonable and should be approved for service provided on and after November 1, 2012.

9. Overland proposes to place its proposed rates into effect on November 1, 2012.

IT IS THEREFORE ORDERED that:

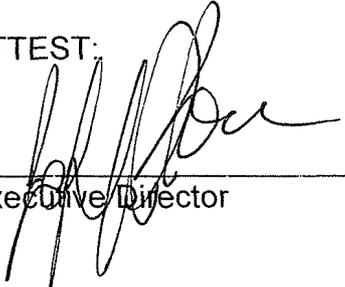
1. Overland's proposed rates are approved.
2. The purchased water adjustment of \$1.24 per 1,000 gallons as calculated in Appendix A is approved.
3. The rates in Appendix B are approved for service that Overland renders on or after November 1, 2012.

4. Within 20 days of the date of this Order, Overland shall file with the Commission a revised tariff sheet setting forth the rates approved herein.

By the Commission

ENTERED   
OCT 05 2012  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
\_\_\_\_\_  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2012-00414 DATED **OCT 05 2012**

Calculation of allowable gallons purchased

Total gallons sold for the test period	5,348,000
Divided by .85	<u>1.85</u>
Total allowable gallons purchased	6,291,765

	New Rate	Base Rate
Big Sandy		
Allowable Purchases in gallons	6,291,765	6,291,765
Volumetric rate	<u>\$4.65 /1,000</u>	<u>\$2.56/1,000</u>
	\$ 29,256.71	\$ 16,106.92
Annual Service Charge (\$545.75/month)	N/A	<u>\$ 6,549.00</u>
Total	\$ 29,256.71	\$ 22,655.92

Increased water cost \$6,600.79

Increased water cost	\$6,600.79
Divided by gallons sold / 1,000	<u>5,348,000</u>
Purchased water adjustment factor	\$1.24 per 1,000 gallons

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2012-00414 DATED OCT 05 2012

The following rates and charges are prescribed for the customers in the area served by Overland Development Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

#### Monthly Water Rates

First	2,000 gallons	\$24.36	Minimum Bill
Next	8,000 gallons	9.45	per 1,000 gallons
Next	20,000 gallons	7.67	per 1,000 gallons
Next	20,000 gallons	6.73	per 1,000 gallons
Over	50,000 gallons	5.83	per 1,000 gallons

James C Taylor  
Secretary-Treasurer  
Overland Development, Inc.  
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